

Financial Report for Fiscal Year 2003, Ended March 31, 2003 (Consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section Code number: 8056 (URL <http://www.unisys.co.jp>)

--Head Office: 1-1, Toyosu 1-chome, Koto-ku, Tokyo 135-8560

--Date of the Meeting of the Board of Directors to Settle Consolidated Accounts: May 7, 2003

--Adoption of the U.S. GAAP: None

1. Business Results for FY2003 (From April 1, 2002 to March 31, 2003)

(1) Results of Operations

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
	millions of yen	%	millions of yen	%	millions of yen	%
FY2003	308,838	0.3	8,835	88.5	9,014	58.4
FY2002	307,898	(1.4)	4,686	(26.7)	5,692	(39.6)

	Net Income (Loss)	% change	Earnings (Loss) per Share	Diluted Earnings per Share	Ratio of Net Income (Loss) / Shareholders' Equity	Ratio of Recurring Profit / Total Assets	Ratio of Recurring Profit / Net Sales
	millions of yen	%	yen	yen	%	%	%
FY2003	8,346	-	75.46	-	9.4	3.7	2.9
FY2002	(7,831)	-	(71.41)	-	(8.8)	2.2	1.8

- Notes) 1. Equity in net income (loss) of subsidiaries and affiliates
 FY2003: - million yen
 FY2002: - million yen
2. Average number of shares outstanding (consolidated)
 FY2003: 109,661,829 shares
 FY2002: 109,663,265 shares
3. Change in accounting policies: Applicable
4. Percentages above mean increase/decrease over preceding fiscal year.

(2) Financial Standing

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
FY2003	223,292	92,063	41.2	838.88
FY2002	257,608	85,062	33.0	775.68

- Note) Number of shares outstanding at the end of fiscal year (consolidated)
 FY2003: 109,659,996 shares
 FY2002: 109,663,010 shares

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Year
	millions of yen	millions of yen	millions of yen	millions of yen
FY2003	20,291	(24,887)	(7,491)	27,831
FY2002	21,591	(19,747)	3,085	39,853

(4) Matters concerning the scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 16

Number of non-consolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 0

(5) Changes in the scope of consolidation and application of the equity method

Consolidation: Increase 1 Decrease 0 Equity method: Increase 0 Decrease 0

2. Earnings Forecast for FY2004 (from April 1, 2003 to March 31, 2004)

	Net Sales	Recurring Profit	Net Income
	millions of yen	millions of yen	millions of yen
Interim	140,000	1,100	250
Full-Year	324,000	9,600	4,900

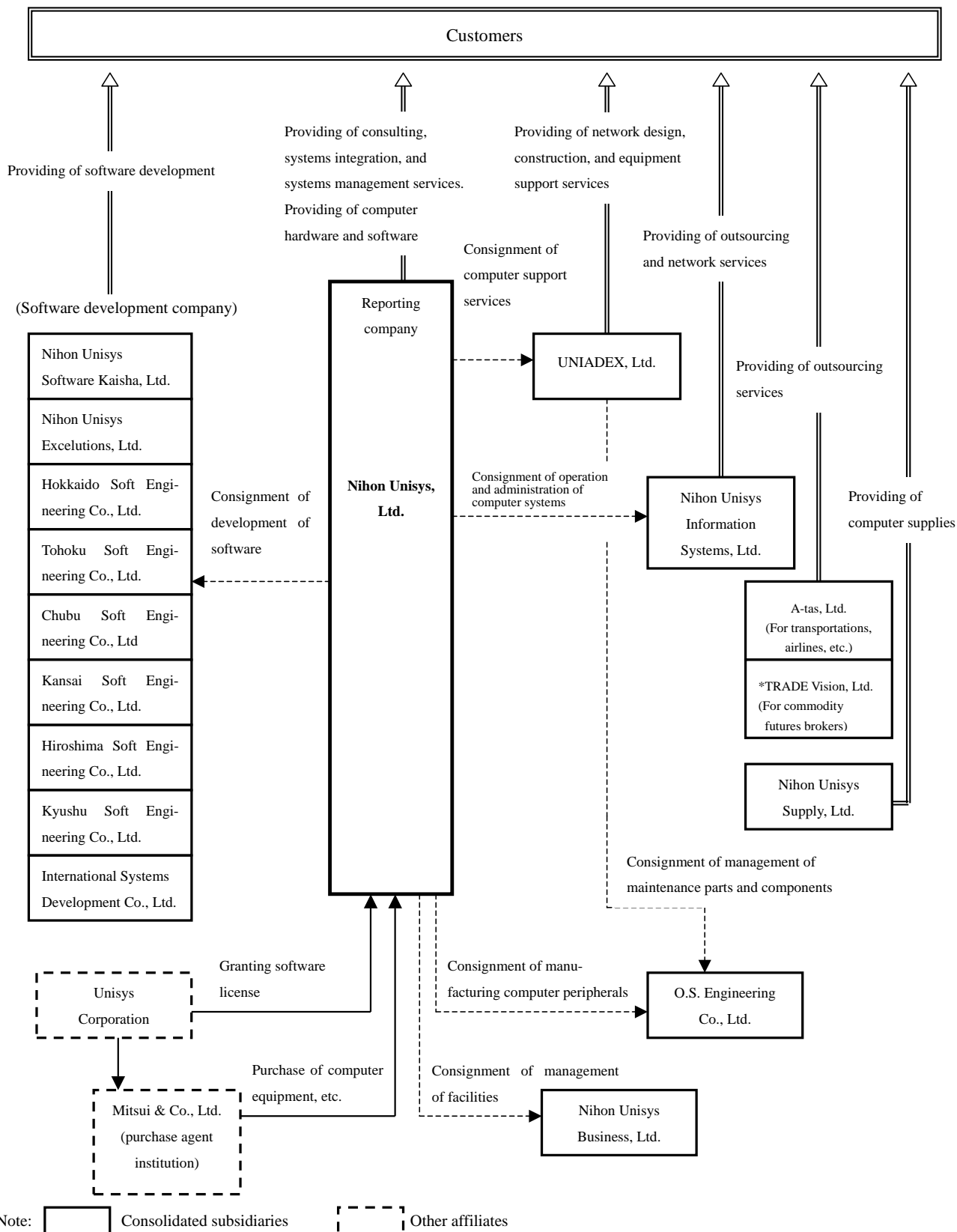
Reference) Expected earnings per share (full-year basis): 44.03 yen

Note) All the numbers regarding forecast are best estimate using information available as of today and decision based on them. You are advised that the final results might be different from the ones in this package due to changes of economy, market, or unknown factors today, etc. For the prerequisite for the forecast, please see page 7.

***This financial report is solely a translation of Japanese "Kessan Tanshin," including attachments, for the convenience of readers who prefer English translation.**

1. State of the Corporate Group

The following is a chart in which the state of the corporate group is shown by business activity:



* TRADE Vision, Ltd. has been newly consolidated from the year ended March 31, 2003 because of its increased significance.

2. Management Policy

(1) Management policy, strategy and target

Nihon Unisys Group (the “Group”) is aiming to be the “Best IT Partner” for customers as a customer-value-creating service provider. We are making best efforts in order to be a desired and attractive company for customers, shareholders, employees and the society.

In Japan, where broadband began to proliferate earlier than the western world, Internet has already taken root as a backbone infrastructure quickly and ubiquitous computing is penetrating daily lives even partially today. The speed of innovation in information technology (IT) and its practical use has been accelerated year by year. It is no exaggeration to say that in order to cope with changes of business environments flexibly and appropriately, strategic use of IT is indispensable for any company.

Under such environments, Nihon Unisys, Ltd. (the “Company”) executed business activities during the term under the “Re-Enterprising 2002” (reinforced version of the original Re-Enterprising, which is self-innovation activities) in order to metamorphose into a “new Nihon Unisys” that was drawn in November 2001.

“Business Creation” is its fundamental policy and it has three action policies, which are “Provide high customer value for competitive price,” “Develop new business models/sources of earnings” and “Judge, behave and act as professionals.” It consists of more than 50 specific action programs, which have been dynamically operated by each individual, organization and taskforce.

As for the first action policy, “Provide high customer value for competitive price,” we strove to provide high value-added propositions by reinforcing service and marketing capability, while polishing consulting and project management skills and renovating training programs. Regarding the second action policy, “Develop new business models/sources of earnings,” we expanded outsourcing and security business, facilitated new businesses combining and connecting heterogeneous businesses into a form of aggregation business. Also, we promoted network business putting focus on broadband. As for the third, “Judge, behave and act as professionals,” we addressed HR system reform, and promoted compliance and risk management consciousness. Also, we renovated management-training programs while opening in-house business school.

With regard to the financial targets, we are aiming to achieve ¥10Billion of operating income on a consolidated basis in FY2004, ending March 31, 2004, the final year of the mid-term business plan before setting new targets in the following years. The ROE on a consolidated basis in FY2004 is projected to be 5.2%.

(2) Profit sharing policy

Our basic policy regarding profit sharing is to return profit without intermittence by reducing cost and reinforcing financial structure while developing/marketing competitive products and making strategic investments, grasping needs of the market.

(3) Concept and actions regarding corporate governance

As a part of reinforcement measures of management structure, based on the Corporate Officer System that was introduced in July 2001, we have been making efforts to separate management function and business execution function. Also, in FY2003, ended March 31, 2003, we increased the number of outside corporate auditors by one. In addition, the Group Compliance Committee comprising chief compliance officers (CCO) of each group company was installed in FY2003. We have been promoting compliance activities as the Group.

In FY2004, in order to maximize synergy of group power, Group Strategy Meeting and Group Top Management Meeting are to be formed under Executive Council of the Company.

Four outside managing directors of the Company are corporate officers of our two major shareholders, Mitsui & Co., Ltd. and Unisys Corporation. Two of the three outside corporate auditors are employees of the two major shareholders.

(4) Relations with related party

The Company, a joint venture established by Mitsui & Co., Ltd. and Unisys Corporation, is marketing and selling Unisys products in the Japanese market. We have been collaborating with Unisys Corporation through various projects and programs both in software and hardware development and also in marketing areas. Such products are imported via Mitsui & Co., Ltd. The three companies are in the very close relations.

(5) Challenges the company faces

In the midst of uncertainty of the Japanese economy represented by such factors as restraints in IT spending, tough price competition, very tight conditions are expected to continue for the time being in the IT industry.

Knowing the tougher conditions will continue, the Group is making every effort to grow service business under the customer-value-creating business processes, positioning FY2004 as the final year of "Re-Enterprising" in order to be a group of companies that can help customers achieve their business goals most effectively leveraging IT.

To this end, we realign our group formation in order to provide seamless supports and services to customers from upstream to downstream while reinforcing our consulting skills in the upstream especially. We

provide value packages with which to help customers resolve their management issues, pursuing market optimization and sharpening competitiveness in each segment by industry and size of customers. We continue to improve profitability and competitive edge as the Group while making investments in new and growth areas and reforming cost structure.

3. Results of Operations and Financial State

1. Results of Operations

(1) Overview of the year ended March 31, 2003

Despite of some bright aspect in export business to the Asian market, the Japanese economy was in the midst of tough conditions during the term due to rising uncertainty of the U.S. economy caused by the military strike against Iraqi regime, prolonging disposition of bad debts by the financial institutions, sluggishness of the stock market and so on.

In the IT industry, price erosion continued making price competition tougher and tougher. The recovery of the market environments was delaying more than expected under the reluctance of IT spending by corporate customers and stagnancy of capital investments by communication carriers despite of bright signs in some areas. However, from the long-term viewpoint, there were some movements that stimulate growth like e-Japan Project, rapid proliferation of broadband and ubiquitous networking initiation. The base trend seems to be good for expansion.

In such circumstances, the Company executed aggressive business activities under the “Re-Enterprising 2002.” As a result, we captured new accounts in outsourcing business in the financial, manufacturing and distribution industries. We got orders in advanced business areas like aggregation and broadband businesses. New models of large and high performance Windows server, “ES7000” series, helped to grow business and to get new accounts. In the area of skill improvement, we are certified with “CMM Level 3,” “CMMI Level 3” and “ISMS” (Information Security Management System). Information sharing and decision-making speed were enhanced. Every effort in various areas was made in order to transform into a “new Nihon Unisys.” In particular, as a new challenge in the service business area, we started offering “PowerRental® High Security Service,” dealing with BPO, business process outsourcing. Besides, we formed a dedicated team for “Microsoft®.NET,” announced new service menu structure, reinforced consulting capability and so on in order to strengthen IT service capability overall.

Meanwhile, in the area of group management, sales and support functions of CAD/CAM were centralized at Nihon Unisys Excelutions, Ltd. Nihon Unisys Learning Corporation was spun off as an education/training company with e-Learning service capability. By clarifying the missions and enhancing expertise of each group company, we made every effort to maximize our group power.

With regard to the consolidated financial results, despite of restraint or postponement of IT spending caused by sluggish economy, outsourcing business showed a steady growth, increasing net sales to ¥308.838Billion (up 0.3% from a year ago), while operating income increased to ¥8.835B (up 88.5%) thanks to decrease of retirement benefit cost as a result of returning the government’s portion of the pension fund in addition to cost structure reform and SG&A reduction. Recurring profit increased to ¥9.014B (up 58.4%). Net income showed a substantial increase marking ¥8.346B (¥7.831B loss in the previous year) booking entry of

¥7.798B into the extraordinary gains as a positive impact reflecting the return of the government's portion of the pension fund.

Sales of service business increased to ¥176.068B (up 4.9%) while those of software and hardware decreased to ¥48.822B (down 8.6%) and ¥83.947B (down 3.0%), respectively. In other words, service business accounted for 57.0% (54.5% a year ago) while software and hardware 15.8% (17.4%) and 27.2% (28.1%), respectively.

Although tougher conditions are expected to continue, considering stable dividend payment to shareholders, we intend to pay the same amount as previous year, ¥7.5 per share per year (¥3.75 per each half year).

* Windows is the registered trademark of Microsoft Corporation in the U.S. and other countries.

(2) Outlook for the year ending March 31, 2004

Due to continuing tough conditions represented by sluggish stock market and prolonging deflation, substantial increase of revenue is not expected, however, thanks to steady growth of service business and subsidiaries' direct businesses, we project 4.9% of revenue growth in the year ending March 31, 2004.

As for profit, we project 13.2% increase in operating income by improving service business productivity. Net income will be ¥4.9B as no special factor is considered as extraordinary gains.

2. Financial State

Although the company generated cash from operating activities, the cash and cash equivalents decreased by ¥12.087B due to investing and financing activities.

The net cash provided by operating activities was ¥20.291B (down ¥1.299B from a year ago), with a contribution of income before income taxes and minority interests (¥15.640B, up ¥28.343B) and adding back of depreciation/amortization (¥21.232B, up ¥585Million). On the other hand, the company paid special retirement expense of ¥16.530B, which was reversed from the prior year's accounts payable-other. Also allowances decreased ¥11.38B (down ¥15.511B) due mainly to reversal of allowance for retirement expenses regarding returning the government's portion of the pension fund.

The net cash used in investing activities was ¥24.887B (up ¥5.140B from a year ago) due primarily to purchases of property and equipment (¥17.232B, up ¥5.236B) like computers and purchases of intangible fixed assets like software for sale or outsourcing, etc. On the contrary, as a result of reexamination of cross shareholdings, sales of investment securities generated cash of ¥448M (down ¥2.214B).

As a result of continuing effort to reduce interest-bearing debts such as repayment of short-term borrowings (¥3.618B), repayment of long-term loans (¥8.209B), and redemption of straight bonds (¥10B), the net cash

used in financing activities was down ¥10.576B from the year-ago period to ¥7.491B. On the other hand, the company issued ¥8B in straight bonds and ¥6B in commercial papers.

	Year ended March 31, 2003	Year ended March 31, 2002
Shareholders' equity ratio (%)	41.2	33.0
Shareholders' equity ratio at market value (%)	25.3	34.9
Debt repayment period (years)	2.8	2.9
Interest coverage ratio	22.1	20.7

Notes) Shareholders' equity ratio: shareholders' equity/total assets

Shareholders' equity ratio at market value: market value of common shares/total assets

Debt repayment period (years): interest-bearing debts/cash flows from operating activities

Interest coverage ratio: cash flows from operating activities/interest expense

* The above ratios are calculated at consolidated basis.

4. Consolidated Financial Statements**CONSOLIDATED STATEMENTS OF INCOME**

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)	
			Amount	% change
	millions of yen	millions of yen	millions of yen	%
Net sales	308,838	307,898	940	0.3
Cost of sales	230,165	226,771	3,393	1.5
Gross profit	78,673	81,126	(2,453)	(3.0)
Selling, general and administrative expenses	69,837	76,440	(6,602)	(8.6)
Operating income	8,835	4,686	4,149	88.5
Non-operating income				
Interest and dividend income	156	309	(152)	
Gain on sales of listed securities	10	847	(836)	
Income from building rental	544	498	46	
Other	523	477	46	
Non-operating expenses				
Interest expense	883	1,033	(150)	
Other	172	92	80	
Recurring profit	9,014	5,692	3,321	58.4
Extraordinary gains				
Gain on exemption from the substitutional portion of welfare pension funds	7,798	-	7,798	
Reversal of allowance for doubtful accounts	-	73	(73)	
Other	11	32	(21)	
Extraordinary losses				
Loss on devaluation of investment securities	1,065	251	813	
Loss on sales and disposal of fixed assets	45	127	(81)	
Special retirement expense	-	16,530	(16,530)	
Subsidiary restructuring charges	-	1,453	(1,453)	
Other	72	138	(65)	
Income (loss) before income taxes and minority interests	15,640	(12,702)	28,343	-
Income taxes-current	1,096	5,007	(3,911)	
Income taxes-deferred	5,982	(9,895)	15,877	
Minority interests	215	16	198	
Net income (loss)	8,346	(7,831)	16,178	-

CONSOLIDATED BALANCE SHEETS

	March 31, 2003	March 31, 2002	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
(ASSETS)			
Current assets			
Cash and time deposits	27,878	34,901	(7,022)
Notes receivable and accounts receivable-trade	79,208	85,384	(6,176)
Inventories	15,617	22,009	(6,391)
Deferred tax assets	8,379	12,626	(4,247)
Other	8,369	12,234	(3,865)
Allowance for doubtful accounts	(96)	(183)	86
Total current assets	139,356	166,972	(27,616)
Fixed assets			
Property and equipment			
Buildings and structures	6,662	7,059	(397)
Machinery, equipment and vehicles	26,538	25,759	778
Land	1,672	1,672	-
Other	2,903	3,330	(427)
Total property and equipment	37,776	37,822	(45)
Intangible fixed assets			
Software	12,433	13,546	(1,112)
Other	353	402	(49)
Total intangible fixed assets	12,786	13,948	(1,161)
Investments and other assets			
Investment securities	7,419	9,623	(2,203)
Deferred tax assets	12,102	13,489	(1,387)
Deposits for landlord	12,449	14,230	(1,781)
Other	2,096	2,197	(101)
Allowance for doubtful accounts	(694)	(676)	(17)
Total investments and other assets	33,372	38,864	(5,492)
Total fixed assets	83,936	90,635	(6,699)
Total assets	223,292	257,608	(34,315)

	March 31, 2003	March 31, 2002	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
(LIABILITIES)			
Current liabilities			
Notes payable and accounts payable-trade	40,460	41,093	(632)
Short-term borrowings	6,551	10,169	(3,618)
Current portion of long-term loans payable	6,094	8,209	(2,115)
Current portion of bonds	-	10,000	(10,000)
Commercial paper	6,000	-	6,000
Income taxes payable	654	3,438	(2,784)
Accounts payable-other	2,330	18,032	(15,701)
Accrued expenses	12,527	14,202	(1,674)
Allowances	1,144	1,460	(316)
Other	15,499	17,700	(2,200)
Total current liabilities	91,261	124,305	(33,044)
Long-term liabilities			
Bonds	8,000	-	8,000
Long-term loans payable	21,000	25,674	(4,674)
Allowance for retirement and severance benefits	3,402	14,236	(10,834)
Other allowances	667	828	(160)
Other	5,213	6,077	(864)
Total long-term liabilities	38,283	46,816	(8,533)
Total liabilities	129,544	171,122	(41,577)
Minority interests	1,683	1,423	260
(SHAREHOLDERS' EQUITY)			
Common stock	5,483	5,483	-
Capital surplus (Additional paid-in capital)	15,281	15,281	-
Retained earnings	70,486	63,006	7,480
Net unrealized gains on securities	814	1,292	(477)
Treasury stock-at cost	(2)	(0)	(2)
Total shareholders' equity	92,063	85,062	7,000
Total liabilities, minority interests, and shareholders' equity	223,292	257,608	(34,315)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Year ended March 31, 2003	Year ended March 31, 2002
	millions of yen	millions of yen
(Capital surplus)		
Capital surplus at beginning of year	15,281	-
Capital surplus at end of year	15,281	-
(Retained earnings)		
Retained earnings at beginning of year	63,006	71,720
Increase in retained earnings	8,346	-
Net income	8,346	-
Decrease in retained earnings	866	8,714
Net loss	-	7,831
Cash dividends	822	822
Bonuses to directors	24	59
Decrease due to a newly consolidated subsidiary	19	-
Retained earnings at end of year	70,486	63,006

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	15,640	(12,702)	28,343
Depreciation and amortization	21,232	20,646	585
Special retirement expense	-	16,530	(16,530)
Gain on sales of investment securities	(20)	(880)	860
Increase (decrease) in allowances	(11,380)	4,131	(15,511)
Decrease in accounts receivable-trade	6,176	15,354	(9,178)
Decrease (increase) in inventories	6,391	(4,220)	10,612
Decrease in accounts payable-trade	(656)	(12,930)	12,274
Other-net	4,118	3,319	799
Subtotal	41,501	29,247	12,253
Interest and dividend received	121	322	(200)
Interest paid	(919)	(1,043)	123
Special retirement expense paid	(16,530)	-	(16,530)
Income taxes paid	(3,880)	(6,935)	3,054
Net cash provided by operating activities	20,291	21,591	(1,299)
Cash flows from investing activities			
Purchases of property and equipment	(17,232)	(11,996)	(5,236)
Proceeds from sales of property and equipment	196	213	(16)
Purchases of intangible fixed assets	(8,129)	(10,011)	1,881
Purchases of investment securities	(240)	(728)	488
Proceeds from sales of investment securities	448	2,662	(2,214)
Other-net	70	112	(42)
Net cash used in investing activities	(24,887)	(19,747)	(5,140)
Cash flows from financing activities			
Net decrease in short-term borrowings	(3,618)	(2,138)	(1,480)
Proceeds from long-term loans payable	1,420	12,600	(11,180)
Repayments of long-term loans payable	(8,209)	(7,826)	(382)
Proceeds from other borrowings	233	1,408	(1,174)
Repayments of other borrowings	(484)	(129)	(354)
Redemption of bonds	(10,000)	-	(10,000)
Proceeds from issuance of bonds	8,000	-	8,000
Net increase in commercial paper	6,000	-	6,000
Cash dividends paid	(822)	(822)	0
Other-net	(10)	(5)	(4)
Net cash provided by (used in) financing activities	(7,491)	3,085	(10,576)
Net increase (decrease) in cash and cash equivalents	(12,087)	4,929	(17,016)
Cash and cash equivalents, beginning of year	39,853	34,874	4,979
Cash and cash equivalents of a newly consolidated subsidiary	64	50	14
Cash and cash equivalents, end of year	27,831	39,853	(12,022)

Summary of Significant Accounting Policies

1. Scope of consolidation

(1)The consolidated financial statements for the year ended March 31, 2003 include the accounts of Nihon Unisys, Ltd. (the "Company") and its 16 consolidated subsidiaries (together, the "Group"). Some of the most significant subsidiaries are as follows.

Nihon Unisys Supply, Ltd.
 UNIADDEX, Ltd.
 Nihon Unisys Software Kaisha, Ltd.

TRADE Vision, Ltd. has been newly consolidated from the year ended March 31, 2003 due to its increased significance.

(2)Number of non-consolidated subsidiaries: 3

2. Equity method

Investments in NUL System Services Corporation (a non-consolidated subsidiary), 2 other non-consolidated subsidiaries, Shizuoka Soft Bank Co., Ltd. (an affiliate), and 5 other affiliates are stated at cost, excluded from the scope of the equity method because they would not have a material effect on the consolidated net income/loss and retained earnings, and they would not have significance in the aggregate, either.

3. Fiscal year end of consolidated subsidiaries

International Systems Development Co., Ltd (ISD), a consolidated subsidiary, has a fiscal year end (December 31) different from that of the consolidated financial statements. The consolidated financial statements are prepared using ISD's financial statements as of December 31 with adjustments necessary for consolidation made for significant transactions that occurred over the period between the fiscal year end of the subsidiary and that of the consolidated financial statement.

4. Accounting policies

(1)Valuation standard and method of significant assets

a.Securities

Other securities whose fair value is readily determinable:

Stated at fair value as of the balance sheet date, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method.

Other securities whose fair value is not readily determinable:

Stated at cost determined by the moving-average method

b.Derivatives

Stated at fair value

c.Inventories

Computers for sale:

Stated at cost determined primarily by the moving-average method

Parts for maintenance services and other:

Stated at cost determined by the moving-average method

(2)Depreciation/amortization of fixed assets

a.Buildings and structures:

Depreciation of buildings and structures is computed by the declining-balance method. However, depreciation of some plants of Nihon Unisys Supply, Ltd., a consolidated subsidiary, and buildings (excluding attached facilities) acquired after April 1, 1998 is computed by the straight-line method. Useful lives range from 6 to 50 years.

b.Computers for rental and outsourcing (reported in "machinery, equipment and vehicles"):
Depreciation of computers for rental and outsourcing is computed over 5 years with no residual value, corresponding to the terms and conditions of the rental and outsourcing.

c.Software

Software for sale to the market:

Amortized at the greater of either the amount to be amortized in proportion of the actual sales of the software during the current year to the estimated total sales over the estimated salable years of the software or the amount to be amortized by the straight-line method over the estimated salable years, principally 3 years.

Software for internal use:

Amortized by the straight-line method over the estimated useful lives, generally 5 years.

(3)Deferred charges

Bond issuance costs are charged to income as incurred.

(4)Allowances

Allowance for doubtful accounts:

The allowance for doubtful accounts is stated at amounts considered to be appropriate based on the Group's past credit loss experience and on evaluation of potential losses in the receivables outstanding.

Allowance for retirement and severance benefits:

To prepare for the retirement and severance benefits for employees, the allowance for retirement and severance benefits is accounted for based on projected benefit obligations and plan assets at the balance sheet date.

The transitional obligation is being amortized over 10 years.

Actuarial gains and losses are recognized in expenses using the straight-line method over the average of the estimated remaining service period (10 years) starting from the following year.

Prior service cost is amortized in expenses using the straight-line method over the average of the estimated remaining service period (10 years).

(5)Leases

Finance leases other than those deemed to transfer ownership of the leased property to the lessee are accounted for in the same manner as operating leases.

(6)Foreign currency translation

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

(7)Hedge accounting

Method of hedge accounting:

For derivatives used for hedging purposes, gains or losses on derivatives are deferred until maturity of the hedged transactions. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

Hedging instruments and hedged items:

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of merchandises from overseas suppliers. Interest rate swaps are utilized to hedge interest rate exposures of short-term debt.

Company's policy to use hedge:

The Company uses foreign currency forward contracts and interest rate swaps as a means of hedging exposure to foreign currency and interest rate risks. The Company does not enter into derivatives for trading or speculative purposes.

Hedge effectiveness assessment:

Hedge effectiveness is evaluated, in principle, comparing the cumulative changes (to date from inception of the hedge) in the hedging instrument's fair values to the cumulative changes in the hedged item's fair value or hedged transaction's cash flows. The Company omits the assessment of hedge effectiveness for interest rate swaps which qualify for hedge accounting and meet specific matching criteria.

(8)Consumption taxes

Consumption tax is separately accounted for by excluding it from each transaction amount.

5. Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are accounted for by fair value method.

6. Amortization of consolidation goodwill

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition (consolidation goodwill) is being amortized over the estimated period if estimation is available, otherwise, over 5 years using the straight-line method.

7. Appropriation of retained earnings

Appropriations of retained earnings are reflected in the consolidated financial statements the year following shareholder's approval.

8. Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows include cash, time deposits and short-term investments which mature or become due within 3 months of the date of acquisition, that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

9. Additional Information

Change in classification of logistics expense:

Prior to April 1, 2002, logistics expense for merchandises was included in selling, general and administrative expenses. Effective April 1, 2002, logistics expense for merchandises (¥1,618 million for the year ended March 31, 2003) is included in costs of sales as the function of the Company's warehouses has changed, as a part of business process re-engineering, from the locations where merchandises are stored into the locations where merchandises are received and inspected for shipment to customers. This change has no effect on operating income, recurring profit, and income before income taxes and minority interests.

10. Accounting changes

(1)Accounting standards for treasury stock and the withdrawal of legal reserve

Effective April 1, 2002, the Group adopted Accounting Standard Board of Japan ("ASBJ") Statement No. 1, *Accounting Standards for Treasury Stock and the Withdrawal of Legal Reserve*. This change has no effect on the consolidated statements of income.

Shareholders' equity in the consolidated balance sheet as of March 31, 2003 and the consolidated statement of retained earnings for the year then ended are presented based on the revised regulations of consolidated financial statements under the Securities Exchange Law.

(2) Per share information

Effective April 1, 2002, the Group adopted ASBJ Statement No. 2, *Accounting Standards for Earnings per Share* and ASBJ Guideline No. 4, *Guideline for the Application of the Accounting Standards for Earnings per Share*. If the previous method was applied, earnings per share for the year ended March 31, 2003 would be as follows.

Earnings per share:	¥	76.12
Shareholders' equity per share:	¥	839.54

Basis for computing earnings per share is as follows.

Net income	¥	8,346 million
Net income not available to common stockholders	¥	72 million
(including bonuses to directors as appropriation of retained earnings)	(¥)	72 million)
Net income available to common stockholders	¥	8,274 million
Average number of shares outstanding		109,661,829

Notes to Consolidated Balance Sheets

	<u>March 31, 2003</u> (millions of yen)	<u>March 31, 2002</u> (millions of yen)
1. Accumulated depreciation of property and equipment	120,331	117,091
2. Contingent liabilities	5,711	6,868
3. Accounting for notes whose due date falls on the balance sheet dates: As financial institutions in Japan were closed on March 31, 2002, amounts of notes whose due date falls on that day were accounted for assuming that they were settled on that day. The amounts of notes whose due date falls on March 31, 2002 are as follows.		

	(millions of yen)
Notes receivable	31
Notes payable	507

Notes to Consolidated Statements of Cash Flows

Reconciliation of cash and time deposits on the balance sheets to cash and cash equivalents is as follows:

	<u>March 31, 2003</u> (millions of yen)	<u>March 31, 2002</u> (millions of yen)
Cash and time deposits	27,878	34,901
Time deposits with maturities over 3 months	(47)	(47)
Loans receivable (Repurchase agreement ("Gensaki"))	-	5,000
Cash and cash equivalents	<u>27,831</u>	<u>39,853</u>

Deferred Income Taxes

1. The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2003 and 2002 are as follows:

	<u>March 31, 2003</u> (millions of yen)	<u>March 31, 2002</u> (millions of yen)
(1) Current assets		
Deferred tax assets		
Accrued bonuses	3,504	3,044
Tax loss carryforwards	2,572	-
Inventory valuation	1,286	562
Allowance for non-billable services	398	500
Accrued business tax	165	484
Accrued special retirement expense	-	6,959
Other	452	1,075
Total deferred tax assets	<u>8,379</u>	<u>12,626</u>
(2) Fixed assets		
Deferred tax assets		
Depreciation expenses	8,365	7,927
Tax loss carryforwards	3,884	-
Amortization expenses of deferred assets	1,652	3,493
Allowance for retirement and severance benefits	1,569	5,956
Other	1,187	1,114
Subtotal	<u>16,659</u>	<u>18,491</u>
Valuation allowance	<u>(124)</u>	<u>(120)</u>
Total deferred tax assets	16,535	18,371
Deferred tax liabilities		
Reserve for program	(3,469)	(3,505)
Other	(964)	(1,375)
Total deferred tax liabilities	<u>(4,433)</u>	<u>(4,881)</u>
Net deferred tax assets (liabilities)	<u>12,102</u>	<u>13,489</u>

2. Reconciliation between normal effective statutory tax rates and actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2003 and 2002 is as follows:

	<u>Year ended</u> <u>March 31, 2003</u> %	<u>Year ended</u> <u>March 31, 2002</u> %
Normal effective statutory tax rate	42.1	42.1
Expenses not deductible for income tax purposes, including entertainment expenses	2.3	(3.1)
Amount of per-capita local tax	0.5	(0.7)
Effective statutory tax rate change	0.6	-
Other-net	(0.2)	0.2
Actual effective tax rate	<u>45.3</u>	<u>38.5</u>

3. The effect of tax rate change

On March 31, 2003, a local tax reform law was enacted in Japan which changed the normal effective statutory tax rate from 42.1% to 40.7%, effective April 1, 2004.

The effect of the change was to decrease deferred tax assets, net of deferred tax liabilities, by ¥97 million and to increase income taxes-deferred by the same amount.

5. Segment Information

(1) Business segment information

Since the Group's operations involve a single business segment under which the Group provides computers, software, associated products and related services, there is no statement of business segment information.

(2) Geographic segment information

Since there are no consolidated subsidiaries or branches overseas, there is no statement of geographic segment information.

(3) Overseas sales

Since the overseas sales is insignificant in proportion to the consolidated net sales, the statement of overseas sales is omitted.

6. Production, Orders Received and Sales

(1) Production

	Year ended March 31, 2003	Percent change from year ended March 31, 2002
	(millions of yen)	%
System services	84,147	(3.5)
Software	14,612	(10.3)
Total	98,759	(4.6)

(2) Orders received

	Orders received		Backlog	
	Year ended March 31, 2003	Percent change from year ended March 31, 2002	March 31, 2003	Percent change from March 31, 2002
	(millions of yen)	%	(millions of yen)	%
Services	171,523	(2.5)	82,259	(19.0)
Software	43,197	14.0	26,220	(12.1)
Hardware	86,184	0.7	31,485	(16.4)
Total	300,905	0.5	139,965	(17.2)

Note) Backlog is the amount expected to be filled within a year.

(3) Sales

	Year ended March 31, 2003	Percent change from year ended March 31, 2002
	(millions of yen)	%
Services	176,068	4.9
Software	48,822	(8.6)
Hardware	83,947	(3.0)
Total	308,838	0.3

7. Securities

(1) Other securities whose fair value is readily determinable

	<u>March 31, 2003</u>			<u>March 31, 2002</u>		
	Acquisition cost (millions of yen)	Carrying amount (millions of yen)	Difference (millions of yen)	Acquisition cost (millions of yen)	Carrying amount (millions of yen)	Difference (millions of yen)
Those whose carrying amount exceed the acquisition cost						
Equity securities	2,132	3,893	1,760	2,630	5,454	2,824
Debt securities	20	20	0	20	20	0
Subtotal	2,152	3,914	1,761	2,650	5,475	2,824
Those whose carrying amount do not exceed the acquisition cost						
Equity securities	2,194	1,817	(376)	2,829	2,205	(623)
Debt securities	-	-	-	5	4	0
Subtotal	2,194	1,817	(376)	2,834	2,210	(623)
Total	4,346	5,731	1,384	5,484	7,685	2,201

(2) Other securities sold during the year ended March 31, 2003 and 2002

	<u>Year ended March 31, 2003</u> (millions of yen)	<u>Year ended March 31, 2002</u> (millions of yen)
Proceeds from sales of other securities	276	2,843
Gross realized gains	37	913
Gross realized losses	19	32

(3) Securities whose fair value is not readily determinable

	<u>March 31, 2003</u> (millions of yen)	<u>March 31, 2002</u> (millions of yen)
Other securities		
Unlisted equity securities (excluding OTC securities)	1,324	1,767

(4) Maturity amount of other securities with maturity and debt securities held to maturity

	<u>March 31, 2003</u>		<u>March 31, 2002</u>	
	Due in 1 year or less (millions of yen)	Due after 1 year through 5 years (millions of yen)	Due in 1 year or less (millions of yen)	Due after 1 year through 5 years (millions of yen)
Debt securities	20	-	5	20

8. Retirement and Severance Benefits

(1) Overview of the benefit pension plan

The Company funded, in the year ended March 31, 1969, defined benefit pension plan (Nihon Unisys Welfare Pension Fund (employees' pension plan-*Rengo* (joint) type, in which a company and its affiliated companies participate)), to which severance indemnities plan had been gradually transferred to be totally covered by the pension plan.

UNIADDEX, Ltd., a consolidated subsidiary, having accepted employees transferred from the Company and succeeded the pension plan, participates in Nihon Unisys Welfare Pension Fund.

Other consolidated subsidiaries of the Company have defined-benefit tax-qualified pension plans and severance indemnities plans.

Certain consolidated subsidiaries participate in employees' pension plans-*Sogo* (general) type, in which companies in the same industry participate, and, which is in accordance with the exception case of Practical Guidelines for Accounting for Pension Plans, Article 33. Out of the total amount of the plans' assets, the amount based on the proportion of members at those subsidiaries was 1,358 million yen as of March 31, 2003.

(2) Allowance for retirement and severance benefits at March 31, 2003 and 2002 consisted of the following:

	<u>March 31, 2003</u> (millions of yen)	<u>March 31, 2002</u> (millions of yen)
Projected benefit obligations	(119,556)	(184,232)
Fair value of plan assets	48,947	97,767
Projected benefit obligation in excess of plan assets	(70,608)	(86,464)
Unrecognized transitional obligation	16,813	32,839
Unrecognized prior service cost	21	(3,972)
Unrecognized actuarial loss	50,371	43,360
Allowance for retirement and severance benefits	<u>(3,402)</u>	<u>(14,236)</u>

Notes) 1. Certain subsidiaries adopt the simplified method to calculate their benefit obligations.

2. On June 25, 2002, the Company and certain consolidated subsidiaries obtained approval from the Ministry of Health, Labor and Welfare for exemption from the portion of future benefit obligations recorded and maintained by the Company on behalf of the Japanese government (the "substitutional portion"), in accordance with the enactment of the new law concerning the defined benefit pension plans in Japan. The Group applied the transitional treatment specified on "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public Accountants, and were relieved of the liability for retirement benefit obligations with respect to such substitutional portion as of the date of the approval. The amount to be relieved of was ¥41,303 million at March 31, 2003.

(3) The components of net periodic benefit costs for the years ended March 31, 2003 and 2002 were as follows:

	<u>Year ended</u> <u>March 31, 2003</u> (millions of yen)	<u>Year ended</u> <u>March 31, 2002</u> (millions of yen)
Service cost	4,451	6,816
Interest cost	3,261	5,485
Expected return on plan assets	(2,576)	(4,485)
Amortization of transitional obligation	2,708	4,125
Amortization of prior service cost	(63)	(203)
Recognized actuarial loss	3,032	2,391
Net periodic benefit costs	<u>10,814</u>	<u>14,130</u>
Gain on exemption from the substitutional portion of welfare pension funds	(7,798)	-
Total	<u>3,015</u>	<u>14,130</u>

Notes) 1. Contribution by employees is excluded from the service cost.

2. Benefit expense of subsidiaries adopting the simplified method is included in the service cost.

(4) Assumptions used for the years ended March 31, 2003 and 2002 were set forth as follows:

	<u>Year ended</u> <u>March 31, 2003</u>	<u>Year ended</u> <u>March 31, 2002</u>
Method of allocating estimated benefits	Straight-line method	Straight-line method
Discount rate	2.50 %	2.75 %
Expected rate of return on plan assets	4.00 %	4.00 %
Amortization period for prior service cost	10 years	10 years
Amortization period for actuarial gain/loss	10 years	10 years
	(Straight-line method starting to be amortized from the following year)	(Straight-line method starting to be amortized from the following year)
Amortization period of transitional obligation	10 years	10 years

9. Related Party Transactions

Year ended March 31, 2003

Parent company and major corporate shareholders

Category		Other affiliates	
Company name		Mitsui & Co., Ltd.	Unisys Corporation
Address		Chiyoda-ku, Tokyo	Pennsylvania, U.S.A.
Amount of capital stock		192,487 million yen	3 million US dollars
Business		Trading	Information technology services and solutions provider
Voting interest in the Company		Direct: 27.85%; Indirect: 0.01%	Direct: 27.85%
Relation-ship	Concurrent directors	Concurrent: 3; Move: 3	Concurrent: 3; Transfer: 2
	Business relationship	Agent to purchase Unisys computer equipment	Manufacturer and vendor of computer hardware and software.
Transaction		Business transaction	Business transaction
		(1) Purchases of computer equipment	(2) Payments for fees for technology information and technology support provided, trademark royalties, and software license fees
Transaction amount		14,706 million yen	17,682 million yen
Account		Accounts payable-trade and long-term liabilities-other	Current assets -other (Advances) Accounts payable-trade and others
Balance at March 31, 2003		7,982 million yen	318 million yen 2,451 million yen

Notes) 1. The above transaction amount does not include consumption taxes, while the balance at March 31, 2003 includes consumption taxes.

2. Transaction conditions and policy on determining transaction conditions

(1) When purchasing computer equipment, terms and conditions are determined on a negotiation basis with the Company's desired price offered to manufacturers including Unisys Corporation.

As the Company purchases computer equipment through Mitsui & Co., Ltd., a purchase agent, the transaction amount includes the purchase price paid to manufacturers including Unisys Corporation and incidental costs charged for the purchases through the agent.

(2) Individual conditions are determined for each payment for fees for technology information and technology support provided, trademark royalties, and software license fees.

Financial Report for Fiscal Year 2003, Ended March 31, 2003 (Non-Consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section Code number: 8056

(URL <http://www.unisys.co.jp>)

--Head Office: 1-1, Toyosu 1-chome, Koto-ku, Tokyo 135-8560

--Date of the Meeting of the Board of Directors to Settle Accounts: May 7, 2003

--Date of the Annual Meeting of Shareholders: June 26, 2003

--Interim dividends plan: Exist

--Trading unit share plan: Exist (100 shares per trading unit share)

1. Business Results for FY 2003 (From April 1, 2002 to March 31, 2003)

(1) Results of Operations

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
	millions of yen	%	millions of yen	%	millions of yen	%
FY2003	259,598	(5.0)	4,723	83.9	5,689	(7.0)
FY2002	273,384	(4.0)	2,568	9.8	6,116	5.7

	Net Income (Loss)	% change	Earnings (Loss) per Share	Diluted Earnings per Share	Ratio of Net Income (Loss) / Shareholders' Equity	Ratio of Recurring Profit / Total Assets	Ratio of Recurring Profit / Net Sales
	millions of yen	%	yen	yen	%	%	%
FY2003	6,282	-	56.83	-	7.8	2.6	2.2
FY2002	(4,376)	-	(39.91)	-	(5.4)	2.6	2.2

Notes) 1. Average number of shares outstanding
 FY2003: 109,661,829 shares
 FY2002: 109,663,265 shares

2. Change in accounting policies: Applicable

3. Percentages above mean increase/decrease over preceding fiscal year.

(2) Dividends

	Annual Dividends per Share			Total Dividends Paid	Dividends Payout Ratio	Ratio of Dividends / Shareholders' Equity
	Interim	End of Period				
FY2003	7.50	3.75	3.75	822	13.1	1.0
FY2002	7.50	3.75	3.75	822	-	1.0

(3) Financial Standing

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
FY2003	197,843	83,529	42.2	761.71
FY2002	233,804	78,549	33.6	716.28

Note) 1. Number of shares outstanding at the end of fiscal year
 FY2003: 109,659,996 shares
 FY2002: 109,663,010 shares

2. Number of treasury stocks at the end of fiscal year
 FY2003: 3,528 shares
 FY2002: 514 shares

2. Earnings Forecast for FY2004 (from April 1, 2003 to March 31, 2004)

	Net Sales	Recurring Profit	Net Income	Annual Dividends per Share		
				Interim	End of Period	
Interim	115,000	1,600	1,300	3.75	-	-
Full-Year	264,000	6,500	3,900	-	3.75	7.50

Reference) Expected earnings per share (full-year basis): 35.11 yen

Note) All the numbers regarding forecast are best estimate using information available as of today and decision based on them. You are advised that the final results might be different from the ones in this package due to changes of economy, market, or unknown factors today, etc. For the prerequisite for the forecast, please see page 7.

***This financial report is solely a translation of Japanese "Kessan Tanshin," including attachments, for the convenience of readers who prefer English translation.**

11. Non-consolidated Financial Statements

NON-CONSOLIDATED STATEMENTS OF INCOME

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)	
			Amount	% change
	millions of yen	millions of yen	millions of yen	%
Net sales	259,598	273,384	(13,786)	(5.0)
Cost of sales	197,985	206,066	(8,081)	(3.9)
Gross Profit	61,612	67,317	(5,705)	(8.5)
Selling, general and administrative expenses	56,889	64,749	(7,860)	(12.1)
Operating income	4,723	2,568	2,155	83.9
Non-operating income				
Interest and dividend income	553	2,536	(1,983)	
Gain on sales of listed securities	-	843	(843)	
Income from building rental	525	482	42	
Other	820	833	(13)	
Non-operating expenses				
Interest expense	823	1,069	(245)	
Other	109	79	29	
Recurring profit	5,689	6,116	(427)	(7.0)
Extraordinary gains				
Gain on exemption from the substitutional portion of welfare pension funds	6,674	-	6,674	
Reversal of allowance for doubtful accounts	12	76	(64)	
Gain on sales of investment securities	6	32	(26)	
Other	70	-	70	
Extraordinary losses				
Loss on devaluation of investment securities	1,048	251	797	
Special retirement expense	-	14,258	(14,258)	
Loss on sales and disposal of fixed assets	29	109	(79)	
Other	70	55	15	
Income (loss) before income taxes	11,303	(8,448)	19,752	-
Income taxes-current	181	2,775	(2,593)	
Income taxes-deferred	4,839	(6,847)	11,687	
Net income (loss)	6,282	(4,376)	10,658	-
Retained earnings carried forward	36,667	42,046	(5,378)	
Interim cash dividends	411	411	(0)	
Unappropriated retained earnings	42,538	37,258	5,280	14.2

NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2003	March 31, 2002	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
(ASSETS)			
Current assets			
Cash and time deposits	23,715	30,821	(7,106)
Notes receivable	282	818	(535)
Accounts receivable-trade	67,004	75,718	(8,714)
Merchandise	6,503	12,614	(6,111)
Work in process	2,612	3,725	(1,112)
Supplies	6	14	(8)
Advances	578	2,000	(1,421)
Prepaid expenses	2,607	2,656	(48)
Deferred tax assets	5,718	9,499	(3,781)
Short-term loans receivable	7,316	12,250	(4,933)
Accounts receivable-other	3,233	-	3,233
Other	208	1,274	(1,065)
Allowance for doubtful accounts	(75)	(159)	84
Total current assets	119,713	151,236	(31,523)
Fixed assets			
Property and equipment			
Buildings and structures	5,071	5,439	(368)
Computers for rental and outsourcing	25,937	23,691	2,245
Tools and fixtures	2,318	2,740	(421)
Land	1,414	1,414	-
Total property and equipment	34,741	33,286	1,455
Intangible fixed assets			
Software	11,032	11,855	(823)
Other	256	263	(7)
Total intangible fixed assets	11,288	12,119	(830)
Investments and other assets			
Investment securities	6,951	9,052	(2,101)
Investments in subsidiaries and affiliates	2,163	2,119	44
Investments in capital	209	261	(52)
Long-term loans receivable	16	143	(126)
Claim in bankruptcy and reorganization	715	734	(19)
Deferred tax assets	10,293	11,004	(710)
Deposits for landlord	11,537	13,535	(1,997)
Other	876	968	(91)
Allowance for doubtful accounts	(665)	(658)	(6)
Total investments and other assets	32,099	37,162	(5,062)
Total fixed assets	78,130	82,567	(4,437)
Total assets	197,843	233,804	(35,960)

	March 31, 2003	March 31, 2002	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
(LIABILITIES)			
Current liabilities			
Notes payable	754	962	(208)
Accounts payable-trade	36,175	40,050	(3,875)
Current portion of long-term accounts payable	1,787	2,317	(530)
Short-term borrowings	5,260	8,620	(3,360)
Current portion of long-term loans payable	6,094	8,184	(2,090)
Current portion of bonds	-	10,000	(10,000)
Commercial paper	6,000	-	6,000
Other accounts payable	1,763	14,985	(13,222)
Accrued expenses	7,866	9,866	(1,999)
Income taxes payable	27	2,115	(2,088)
Consumption taxes payable	2,276	2,659	(382)
Advances received	6,800	7,958	(1,158)
Deposits received	2,464	3,438	(974)
Deferred income	149	147	1
Allowance for non-billable services	943	1,182	(239)
Current portion of allowance for the New Career Support Program	199	270	(71)
Other	894	901	(7)
Total current liabilities	79,455	113,662	(34,206)
Long-term liabilities			
Bonds	8,000	-	8,000
Long-term accounts payable	1,631	2,412	(781)
Long-term loans payable	21,000	25,674	(4,674)
Long-term deposits received	1,731	1,712	19
Allowance for retirement and severance benefits	1,865	10,808	(8,942)
Allowance for directors' and corporate auditors' retirement benefits	277	274	3
Allowance for the New Career Support Program	286	468	(182)
Other	67	242	(175)
Total long-term liabilities	34,859	41,592	(6,733)
Total liabilities	114,314	155,254	(40,939)
Equity			
Common stock	5,483	5,483	-
Capital surplus			
Additional paid-in capital	15,281	15,281	-
Retained earnings			
Legal reserve	1,370	1,370	-
Voluntary reserve			
Reserve for obsolete equipment	8,350	8,350	-
General reserve	4,400	4,400	-
Reserve for program	4,822	4,581	241
Reserve for reduction of assets' cost	135	135	-
Reserve for special depreciation	331	393	(61)
Unappropriated retained earnings	42,538	37,258	5,280
Total retained earnings	61,949	56,490	5,459
Net unrealized gains on securities	816	1,294	(478)
Treasury stock-at cost	(2)	(0)	(2)
Total shareholders' equity	83,529	78,549	4,979
Total liabilities and shareholders' equity	197,843	233,804	(35,960)

PROPOSED APPROPRIATION OF RETAINED EARNINGS
(NON-CONSOLIDATED)

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
Unappropriated retained earnings at end of year	42,538	37,258	5,280
Reversal of reserve for program	386	433	(47)
Reversal of reserve for special depreciation	61	61	(0)
Total	42,986	37,753	5,233
Appropriations:			
Cash dividends	411	411	(0)
(Dividends per share)	(3.75 yen)	(3.75 yen)	(- yen)
Bonuses to directors	50	-	50
Reserve for program	592	674	(82)
Reserve for reduction of assets' cost	3	-	3
Reserve for special depreciation	5	-	5
Total	1,062	1,086	(23)
Unappropriated retained earnings to be carried forward	41,924	36,667	5,257

Notes:

1. The company paid interim cash dividends as follows:

Date of payment:	December 10,	December 10,
	2002	2001
Amount paid:	411 million yen	411 million yen
Dividends per share:	3.75 yen	3.75 yen

2. Appropriations for reserve for program (96 million yen), reserve for reduction of assets' cost, and reserve for special depreciation, for the year ended March 31, 2003, are due to change in the effective statutory tax rate.

Notes

Notes to Non-Consolidated Balance Sheets

	<u>March 31, 2003</u> (millions of yen)	<u>March 31, 2002</u> (millions of yen)
(1) Accumulated depreciation of property and equipment	113,382	108,517
(2) Contingent liabilities	4,964	6,085
(3) Accounting for notes whose due date falls on the balance sheet date As financial institutions in Japan were closed on March 31, 2002, amounts of notes whose due date fell on that day were accounted for as though they had been settled on that day. The amounts of notes whose due date fell on March 31, 2002 are as follows:		
		(millions of yen)
Notes receivable		5
Notes payable		349
(4) Effect to net asset regulated under article 290-1 item 6 of the Commercial Code		
	(millions of yen)	(millions of yen)
	816	1,294